

Senate Amendment 3318

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1 1 Amend Senate File 453 as follows:
1 2 #1. By striking page 1, line 1, through page 4,
1 3 line 19, and inserting the following:
1 4 1 5 RESERVE FUNDS == COMBINED RETURNS
1 6 Section 1. Section 8.55, subsection 4, Code 2003,
1 7 is amended by striking the subsection.
1 8 Sec. _____. Section 8.56, subsection 1, Code 2003,
1 9 is amended to read as follows:
1 10 1. A cash reserve fund is created in the state
1 11 treasury. The cash reserve fund shall be separate
1 12 from the general fund of the state and shall not be
1 13 considered part of the general fund of the state
1 14 except in determining the cash position of the state
1 15 as provided in subsection 3. The moneys in the cash
1 16 reserve fund are not subject to section 8.33 and shall
1 17 not be transferred, used, obligated, appropriated, or
1 18 otherwise encumbered except as provided in this
1 19 section. ~~Notwithstanding section 12C.7, subsection 2,~~
~~1 20 interest or earnings on moneys deposited in the cash~~
~~1 21 reserve fund shall be credited to the rebuild Iowa~~
~~1 22 infrastructure fund created in section 8.57.~~ Moneys
1 23 in the cash reserve fund may be used for cash flow
1 24 purposes during a fiscal year provided that any moneys
1 25 so allocated are returned to the cash reserve fund by
1 26 the end of that fiscal year.
1 27 Sec. _____. Section 8.57, subsection 1, paragraph a,
1 28 unnumbered paragraph 1, Code Supplement 2001, as
1 29 enacted by 2002 Iowa Acts, Second Extraordinary
1 30 Session, chapter 1001, section 28, is amended to read
1 31 as follows:
1 32 The "cash reserve goal percentage" for fiscal years
1 33 beginning on or after July 1, ~~2003~~ 2004, is seven and
1 34 one-half percent of the adjusted revenue estimate.
1 35 For each fiscal year ~~beginning on or after July 1,~~
~~1 36 2003,~~ in which the appropriation of the surplus
1 37 existing in the general fund of the state at the
1 38 conclusion of the prior fiscal year pursuant to
1 39 paragraph "b" was not sufficient for the cash reserve
1 40 fund to reach the cash reserve goal percentage for the
1 41 current fiscal year, there is appropriated from the
1 42 general fund of the state an amount to be determined
1 43 as follows:
1 44 Sec. _____. NEW SECTION. 422.37A COMBINED RETURNS.
1 45 An affiliated group of corporations shall, under
1 46 rules prescribed by the director, file a combined
1 47 return showing the net income of all corporations
1 48 engaged in a unitary business, subject to the
1 49 following:
1 50 1. The affiliated group filing under this section
2 1 shall meet the requirements to file a consolidated
2 2 return for federal income tax purposes as provided in
2 3 sections 1501 through 1504 of the Internal Revenue
2 4 Code for the same taxable year.
2 5 2. All members of the affiliated group shall join
2 6 in the filing of an Iowa combined return to the extent
2 7 they are engaged in a unitary business.
2 8 3. Members of the affiliated group exempt from
2 9 taxation by section 422.34 shall not be included in a
2 10 combined return.
2 11 4. All members of the affiliated group shall use
2 12 the statutory method of allocation and apportionment
2 13 unless the director has granted permission to all
2 14 members to use an alternative method of allocation and
2 15 apportionment.
2 16 5. The computation of income under a combined
2 17 return for members of an affiliated group shall be
2 18 made in the same manner and under the same procedures,
2 19 including all intercompany adjustments and
2 20 eliminations, as are required for consolidating the
2 21 incomes of affiliated corporations for the taxable
2 22 year for federal income tax purposes in accordance
2 23 with section 1502 of the Internal Revenue Code.
2 24 6. The combined income approach is the computation
2 25 of combining the taxable income of an affiliated group

2 26 as a single economic unit and each affiliated group
2 27 shall only file one income tax return. The net income
2 28 of an affiliated group is determined by applying the
2 29 apportionment formula against the combined income of
2 30 the affiliated group.
2 31 7. Only the sales of those corporations in the
2 32 affiliated group subject to the tax imposed by section
2 33 422.33 are included in the numerator of the
2 34 apportionment formula.
2 35 8. Only those corporations in the affiliated group
2 36 subject to the tax imposed by section 422.33 are
2 37 jointly and severally liable for the Iowa tax of the
2 38 combined group.
2 39 Sec. _____. 2002 Iowa Acts, Second Extraordinary
2 40 Session, chapter 1001, section 33, is amended to read
2 41 as follows:
2 42 SEC. 33. EFFECTIVE DATE == APPLICABILITY. The
2 43 amendments to the following designated Code provisions
2 44 in this division of this Act take effect July 1, ~~2003~~
2 45 2004:
2 46 1. Section 8.55, subsection 2, paragraph "a".
2 47 2. Section 8.56, subsection 4, paragraph "b".
2 48 3. Section 8.57, subsection 1, paragraph "a".
2 49 Sec. _____. CASH RESERVE APPROPRIATION TO GENERAL
2 50 FUND.
3 1 1. Notwithstanding section 8.56, subsection 4,
3 2 paragraph "a", there is appropriated from the cash
3 3 reserve fund to the general fund of the state for the
3 4 fiscal year beginning July 1, 2003, and ending June
3 5 30, 2004, the following amount, or so much thereof as
3 6 is necessary:
3 7 \$ 43,700,000
3 8 2. The appropriation made in this section is
3 9 declared to be made for nonrecurring emergency
3 10 expenditures as required in section 8.56, subsections
3 11 3 and 4.
3 12 Sec. _____. GENERAL FUND APPROPRIATION TO CASH
3 13 RESERVE. Notwithstanding section 8.57, subsection 1,
3 14 paragraph "a", there shall be no appropriation from
3 15 the general fund of the state to the cash reserve fund
3 16 for the fiscal year beginning July 1, 2003, and ending
3 17 June 30, 2004, of the amount necessary for the cash
3 18 reserve fund to reach the cash reserve goal percentage
3 19 for that fiscal year.
3 20 Sec. _____. RETROACTIVE APPLICABILITY PROVISION.
3 21 The provision of this division of this Act enacting
3 22 section 422.37A, is retroactively applicable to
3 23 January 1, 2003, for tax years beginning on or after
3 24 that date.>
3 25 #2. Title page, line 1, by inserting after the
3 26 word the following: <,tax,>.
3 27 #3. By renumbering as necessary.
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3 31 MICHAEL E. GRONSTAL
3 32 SF 453.207 80
3 33 jp/sh